



# County of Los Angeles CHIEF EXECUTIVE OFFICE

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Second District

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Third District

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Fourth District

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Fifth District

May 7, 2010

To: Supervisor Gloria Molina, Chair  
Supervisor Mark Ridley-Thomas  
Supervisor Zev Yaroslavsky  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

From: William T Fujioka  
Chief Executive Officer

## SACRAMENTO UPDATE

This memorandum contains a State Budget update; a report on the court ruling on the transfer of funds from local redevelopment agencies to address the State Budget deficit; a status report on four County-sponsored measures regarding: 1) off-site board of supervisors meetings; 2) provisions for re-opening a new Martin Luther King, Jr. hospital; 3) enhancement of the County's existing homeowner notification program; and 4) State reimbursement for special elections; and an update on three County-advocacy bills related to: 1) creation of the Upper Los Angeles River and Watershed Protection Program; 2) redevelopment in the City of Downey; and 3) reinstating California's law banning the possession or use of body armor by violent felons.

### State Budget Update

The Governor is scheduled to release the May Budget Revision on May 14, 2010, which would attempt to address an estimated \$20.0 billion shortfall. This week, the State Controller released his report on the State's cash balance, revenues and disbursements through April 30, 2010, which indicates that four months of positive receipts were erased in April because of lower revenue collections. The Controller notes the State Budget deficit has increased to over \$20.0 billion and advises that the Governor and the Legislature need to move quickly to balance the budget.

*"To Enrich Lives Through Effective And Caring Service"*

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### **Court Ruling on Shift of Redevelopment Agency Funds**

On May 4, 2010, the Sacramento Superior Court ruled that the State can take funds from redevelopment agencies to address its budget shortfall. In 2009, a coalition of redevelopment agencies and counties filed a lawsuit in response to action taken in the FY 2009-10 State Budget Act which transferred \$2.0 billion from redevelopment agencies for allocation to K-12 schools and shifted an equivalent amount of existing property tax revenue from those schools into the Supplemental Revenue Augmentation Fund to offset State General Fund costs. The State Budget Act also allowed redevelopment agencies to extend their projects by one year, without making a finding of blight, when they meet their payment obligation for FY 2009-10. It is estimated that this action would result in a County loss of approximately \$313.0 million (net present value) in future years based on the one-year extension.

### **Status of County-Sponsored Legislation**

**County-sponsored AB 139 (Brownley)**, which as amended on April 28, 2010, would permit a county board of supervisors to hold one or more regular meetings of the board at a location within the county other than the county seat, passed the Senate Local Government Committee on May 5, 2010 by a consent vote of 5 to 0. This measure now proceeds to the Senate Floor.

**County-sponsored AB 2599 (Bass and Hall)**, which as introduced on February 19, 2010, would provide that when the new Martin Luther King, Jr. Hospital re-opens, the facility will have adequate and predictable funding to ensure its financial viability, passed the Assembly Health Committee on May 4, 2010 by a vote of 17 to 0. This measure now proceeds to the Assembly Appropriations Committee.

AB 2599 is jointly sponsored with the University of California (UC). Carol Meyer, Chief Operating Officer for the County's Department of Health Services, and Dr. Jack Stobo, Senior UC Vice President for Health Sciences and Services, testified for the bill and stressed the need to re-open the hospital in the underserved South Los Angeles community.

**County-sponsored SB 878 (Liu)**, which as amended on April 7, 2010, would enhance the County's existing homeowner notification program to also authorize the County to: 1) notify homeowners and renters subject to notices of default or sale; 2) collect a fee for notification upon the recording of a notice of default or sale; and 3) use a portion of the recording fee to provide information, counseling, or assistance to a person who receives the notice, passed the Senate Judiciary Committee on May 4, 2010 by a vote of 4 to 0, and now proceeds to the Senate Floor. The author accepted committee

amendments that would establish a sunset date of January 1, 2015, and require the County to submit a report that includes data regarding notices of default and sale that were recorded to the Senate and Assembly Judiciary Committees no later than January 1, 2014.

**County-sponsored SB 994 (Price)**, which as introduced on February 9, 2010, would require the State to reimburse local governments for the authorized and necessary expenses incurred in special elections proclaimed by the Governor to fill a vacancy in the State Senate or Assembly, U.S. Senate or House of Representatives, was placed on the Senate Appropriations Committee suspense file on May 3, 2010.

#### **Status of County-Advocacy Legislation**

**County-supported if amended AB 1818 (Blumenfield)**, which as amended on April 19, 2010, would create the Upper Los Angeles River and Watershed Protection Program (Program), to be administered by the Santa Monica Mountains Conservancy, to address the resource protection, public recreation, water conservation, and water quality goals of the Los Angeles River watershed in a coordinated and comprehensive way, and establish the Program Stakeholder Advisory Committee with specified membership and certain duties regarding proposing and reviewing projects for funding, was placed on the Assembly Appropriation Committee suspense file on May 5, 2010.

**County-opposed AB 2065 (Calderon and De La Torre)**, which as amended on May 3, 2010, would authorize the redevelopment agency of the City of Downey to amend a redevelopment plan to add parcels of land to an existing City of Downey redevelopment project area and find that the Legislature conclusively determines the parcels of land are blighted territory, passed the Assembly Housing and Community Development Committee on April 28, 2010 by a vote of 8 to 0. This measure passed the Assembly Local Government Committee on May 5, 2010 by a vote of 9 to 0, and now proceeds to Assembly Appropriations Committee.

The recent amendments to AB 2065 would: 1) specify that the agency may only collect tax increment funds to repay the City of Downey and its general fund, for the purpose of reimbursing the City for rental property expenses in the added territory, an amount not to exceed \$30.0 million of the tax increment funds allocated to the added territory, after allocating 20 percent of that revenue for specified housing obligations; 2) provide that the Legislature finds and determines that the prior comprehensive environmental analysis conducted and certified by the City through an Environmental Impact Report for the Downey Landing Specific Plan dated February 2002, which encompasses the added territory, meets the requirements of the California Environmental Quality Act for the purposes of adopting the expanded project area plan; 3) make the provisions of the

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measure inoperative on January 1, 2012, if the city of Downey finds and declares that Tesla Motors has not constructed a manufacturing operation in the added territory; and 4) declare an urgency statute making the bill effective immediately if passed by the Legislature and signed by the Governor.

County Counsel and this office are in discussions with the City of Downey on proposed amendments to AB 2065 which would specify a dollar limit or "cap" on the amount of tax increment funds to be collected by the agency with respect to the added area and to clarify the extraordinary circumstances requiring exception to current redevelopment law. We will provide your Board with a status update on the pending negotiations and proposed amendments.

**County-supported SB 408 (Padilla)**, which as amended on January 26, 2010, would reinstate California's law banning the possession or use of body armor by violent felons passed the Assembly Appropriations Committee on May 5, 2010 by a vote of 17 to 0. This measure now proceeds to the Assembly Floor.

We will continue to keep you advised.

WTF:RA  
MR:VE:LY:sb

c: All Department Heads  
Legislative Strategist  
Local 721  
Coalition of County Unions  
California Contract Cities Association  
Independent Cities Association  
League of California Cities  
City Managers Associations  
Buddy Program Participants